

House Bill 936 (AS PASSED HOUSE AND SENATE)

By: Representatives Battles of the 15<sup>th</sup>, Rynders of the 152<sup>nd</sup>, Roberts of the 154<sup>th</sup>, Coleman of the 97<sup>th</sup>, Maxwell of the 17<sup>th</sup>, and others

A BILL TO BE ENTITLED

AN ACT

To amend Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to elementary and secondary education, so as to enact certain provisions relating to school funding; to provide that the replacement allowance for purchasing new school buses shall also be available to refurbish existing school buses; to revise certain provisions relative to the "Georgia Education Authority (Schools) Act" in order to qualify for the federal American Recovery and Reinvestment Act (ARRA) bond program for schools; to provide for related matters; to provide for an effective date; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

**SECTION 1.**

Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to elementary and secondary education, is amended in Code Section 20-2-188, relating to student transportation, by adding a new subsection to read as follows:

"(a.1) Any funds that the State Board of Education allocates for school bus replacement may be used by local boards of education to refurbish existing school buses. Bus replacement funds may not be restricted by the state board for use only in purchasing new or replacement school buses. Any school bus that is refurbished shall be subject to all safety and maintenance inspection requirements provided for by law. Refurbishment of a school bus shall be done by a school bus manufacturer or by a dealer of a manufacturer. Each local board of education that refurbishes a school bus pursuant to this subsection is strongly encouraged to apply for federal funds to retrofit the engine. The State Board of Education shall notify the Environmental Protection Division when a local board of education receives state funds to refurbish a school bus so that the division may provide information to such local board regarding the availability of federal funds for such purposes."

**SECTION 2.**

Said chapter is further amended by revising Code Section 20-2-552, relating to the creation, members, officers, and staff of the Georgia Education Authority (Schools), procedural rules and regulations, and assignment to the Department of Administrative Services, as follows: "20-2-552.

(a) There is created a body corporate and politic to be known as the Georgia Education Authority (Schools), which shall be deemed to be an instrumentality of the State of Georgia and a public corporation and ~~which~~ by that name, style, and title such body may contract and be contracted with, bring and defend actions, and implead and be impleaded. The authority shall consist of ~~seven~~ five members, as follows: ~~the Governor, an appointee of the Governor who is not the Attorney General, the state auditor, the chairman of the State Board of Education, the chairman of the Board of Regents of the University System of Georgia, the State School Superintendent, and the chancellor of the University System of Georgia~~ three appointees of the Governor, one appointee of the Lieutenant Governor, and one appointee of the Speaker of the House of Representatives. The terms of office for all members shall be three years and until their successors are appointed and qualified.

(b) The authority shall elect one of its members as ~~chairman~~ chairperson and another as ~~vice-chairman~~ vice chairperson and a secretary and treasurer, who need not necessarily be a member of the authority ~~but who shall be the same as the secretary and treasurer of the Georgia Education Authority (University).~~ The majority of the members of the authority shall constitute a quorum. No vacancy on the authority shall impair the right of the quorum to exercise all the rights and perform all the duties of the authority. The members of the authority shall not be entitled to compensation for their services but shall be entitled to and shall be reimbursed for their actual expenses necessarily incurred in the performance of their duties. ~~The staff of the authority shall be the same as the staff of the Georgia Education Authority (University).~~ The authority may have staff assigned from within the Department of Education or the Georgia State Financing and Investment Commission for the purposes of carrying out the authority's duties and responsibilities, with compensation paid from resources available to the authority or the Department of Education or the Georgia State Financing and Investment Commission, as the department, the commission, and the authority may agree. The Department of Education and all other state or local government entities shall provide all necessary assistance requested by the authority. The Georgia State Financing and Investment Commission shall provide financial advisory services to the authority in accordance with Code Section 50-17-22, and all debt of the authority shall be subject to the approval of the Georgia State Financing and Investment Commission. The authority shall make rules and regulations for its own government. It shall have perpetual existence. Any change in name or composition of the authority shall

in no way affect the vested rights of any person under this part or impair the obligations of any contracts existing under this part.

(c) The authority is assigned to the ~~Department of Administrative Services~~ Georgia State Financing and Investment Commission for administrative purposes only as prescribed in Code Section 50-4-3."

### SECTION 3.

Said part is further amended by revising Code Section 20-2-553, relating to powers of the Georgia Education Authority (Schools), as follows:

"20-2-553.

(a) The authority shall have the power:

(1) To have a seal and alter it at pleasure;

(2) To acquire by purchase, lease, or otherwise and to hold, lease, sell, and dispose of real and personal property of every kind and character for its corporate purposes;

(3) To acquire in its own name by purchase, on such terms and conditions, and in such manner as it may deem proper, or by condemnation in accordance with any and all existing laws applicable to the condemnation of property for public use, real property or rights of easements therein or franchises necessary or convenient for its corporate purposes and to use them so long as its corporate existence shall continue and to lease or make contracts ~~with respect to~~ for the use of or dispose of them in any manner it deems to the best advantage of the authority, the authority being under no obligation to accept and pay for any property condemned under this part, except from the funds provided under the authority of this part. In any proceedings to condemn, such orders may be made by the court having jurisdiction of the action or proceeding as may be just to the authority and to the owners of the property to be condemned; and no property shall be acquired under this part upon which any lien or other encumbrance exists unless at the time such property is so acquired a sufficient sum of money is deposited in trust to pay and redeem the fair value of such lien or encumbrance. If the authority shall deem it expedient to construct any project on lands which are subject to the control of the public school system of the state or of any county board of education, city board of education, or governing body of an independent or quasi-independent district or system or local unit of administration, the Governor, in the case of the state, or the boards of education of counties or cities, or the equivalent governing authorities of independent school districts or systems are authorized to execute for and in behalf of the state or the various county boards of education, city boards of education, or governing bodies of independent districts or systems, as the case may be, a lease upon such lands to the authority for such parcel or parcels as shall be needed for a period not to exceed 50 years, at a nominal

rental of \$1.00 per year. If the authority shall deem it expedient to construct any project on any other lands the title to which shall then be in the state, the Governor is authorized to convey, for and in behalf of the state, title to such lands to the authority, upon payment into the state treasury for the credit of the general fund of the state of the reasonable value of such lands, such value to be determined by three appraisers to be agreed upon by the Governor and the ~~chairman~~ chairperson of the authority. Further, if the authority shall deem it expedient to construct any project on any other lands the title to which shall then be in any county, municipality, or other governmental subdivision of the state, the proper authorities of such county, municipality, or governmental subdivision are authorized to convey, for and in behalf of such county, municipality, or governmental subdivision, title to such lands to the authority, upon payment to the proper fiscal officer of the county, municipality, or other governmental subdivision of the reasonable value of such lands, such value to be determined by three appraisers to be agreed upon between such governmental authorities and the ~~chairman~~ chairperson of the authority;

(4) To appoint and select officers, agents, and employees, including engineering, architectural, and construction experts, fiscal agents, and attorneys, and to fix their compensation;

(5) To make contracts, agreements of sale, and leases and to execute all instruments necessary or convenient, including contracts for construction of projects, agreements for the sale of projects, and leases of projects or contracts ~~with respect to~~ for the use of projects which the authority causes to be erected or acquired; and any and all political subdivisions, departments, institutions, or agencies of the state are authorized to enter into contracts, leases, or agreements with the authority upon such terms and for such purposes as they deem advisable. Without limiting the generality of the ~~above~~ foregoing, authority is specifically granted to the county boards of education, city boards of education, or governing bodies of independent districts or systems, for and on behalf of the units and institutions within their respective counties, cities, or districts, and to the authority to enter into contracts, agreements of sale, and lease agreements for the purchase or use of any structure, building, or facilities of the authority for a term not exceeding 50 years; and the board of education or equivalent governing body for and on behalf of the respective political subdivision may obligate itself and its successors to use only such structure, building, or facility and none other and so long as such property is used by such political subdivision to pay an amount to be determined from year to year for the use of such property so leased and also to obligate itself and its successors as a part of the lease contract to pay the cost of maintaining, repairing, and operating the property so leased from the authority;

(6) To construct, erect, acquire, own, repair, remodel, maintain, add to, extend, improve, equip, operate, and manage projects, as defined in paragraph (4) of subsection (a) of Code Section 20-2-551, to be located on property owned by or leased by the authority, the cost of any such project to be paid in whole or in part from the proceeds of revenue bonds of the authority, ~~or~~ from such proceeds and any grant from the United States or any agency or instrumentality thereof, or from any other source;

(7) To accept loans or grants of money or materials or property of any kind from the United States or any agency or instrumentality thereof upon such terms and conditions as the United States or such agency or instrumentality may impose;

(8) To borrow money for any of its corporate purposes and to issue negotiable revenue bonds payable solely from funds pledged for that purpose and to provide for the payment of such bonds and for the rights of the holders thereof;

(9) To exercise any power usually possessed by private corporations performing similar functions which is not in conflict with the Constitution and laws of this state; ~~and~~

(10) To issue various types of bonds with various federal tax consequences and to apply for and participate in any federal program which provides financial or other benefits or is supportive of functions of the authority. For purposes of federal law and without limiting the powers of the authority to issue other types of bonds and to participate in federal programs, the authority may act as the state education agency and may issue Qualified Zone Academy Bonds, Qualified School Construction Bonds, or Build America Bonds or, in its discretion, permit other authorized governmental bodies to issue Qualified Zone Academy Bonds, Qualified School Construction Bonds, or Build America Bonds. In participating in any federal program, the authority may apply for and receive funds, make certifications and designations, and do all other things necessary or convenient in the opinion of the authority to participate in or obtain the benefits of federal programs, including programs of bond finance provided under federal law;

(11) Deposit, or arrange for, federal funds in any form to be deposited into the sinking fund provided for in Code Section 20-2-567; and

~~(10)~~ (12) To do all things necessary or convenient to carry out the powers expressly given in this part.

(b) The validity of any bonds issued by the authority for projects certified as eligible for state development assistance under Code Section 45-12-170, ~~which bonds were and~~ issued prior to the time the first general obligation debt was incurred under Article VII, Section III, Paragraph I of the Constitution of 1945; shall not be impaired; but no future such bonds shall be issued."

**SECTION 4.**

Said part is further amended by revising Code Section 20-2-555, relating to the authority to issue revenue bonds and terms, as follows:

"20-2-555.

The authority, or any authority or body which has or which may in the future succeed to the powers, duties, and liabilities vested in the authority created by this part, shall have power, at one time or from time to time, to provide by resolution for the issuance of negotiable revenue bonds in an unlimited amount for the purpose of paying all or any part of the cost, as defined in paragraph (3) of subsection (a) of Code Section 20-2-551, of any one project or combination of projects. The principal and interest, if any, of such revenue bonds shall be payable solely from the special fund provided in this part for such payment. The bonds of each issue shall be dated; shall bear interest, if any, at such rate or rates, payable ~~semiannually~~ on a date or dates certain; shall mature at such time or times not exceeding 30 years from their date or dates; shall be payable in such medium of payment as to both principal and interest as may be determined by the authority; and may be made redeemable before maturity, at the option of the authority, at such price or prices and under such terms and conditions as may be fixed by the authority in the resolution provided for the issuance of the bonds."

**SECTION 5.**

Said chapter is further amended by revising Code Section 20-2-556, relating to forms of bonds, denominations, place of payment, and registration, as follows:

"20-2-556.

The authority shall determine the form of the bonds, including any interest coupons to be attached thereto, and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest, if any, thereof, which may be at any bank or trust company within or without the state. The bonds may be issued in coupon or registered form, or both, as the authority may determine; and provision may be made for the registration of any coupon bond as to principal alone and also as to both principal and interest, if any."

**SECTION 6.**

Said chapter is further amended by revising Code Section 20-2-559, relating to manner of sale and price bonds and assistance by Georgia Building Authority, as follows:

"20-2-559.

The authority may sell its bonds in such manner and for such price as it may determine to be for the best interests of the authority. ~~Whenever the authority shall determine to issue~~

204 ~~its bonds, it shall call upon the Georgia Building Authority to render advice and to perform,~~  
205 ~~as its agent, ministerial services in connection with the marketing of such bonds."~~

206 **SECTION 7.**

207 Said chapter is further amended by revising Code Section 20-2-560, relating to use of bond  
208 proceeds and additional bonds, as follows:

209 "20-2-560.

210 The proceeds of bonds shall be used solely for the payment of the cost of the project or  
211 combined project and shall be disbursed upon requisition or order of the ~~chairman~~  
212 chairperson of the authority under such restrictions, if any, as the resolution authorizing the  
213 issuance of the bonds or the trust indenture mentioned in Code Section 20-2-565 may  
214 provide. If the proceeds of such bonds, by error of calculation or otherwise, shall be less  
215 than the cost of the project or combined project, unless otherwise provided in the resolution  
216 authorizing the issuance of the bonds or in the trust indenture, additional bonds may in like  
217 manner be issued to provide the amount of such deficit. Unless otherwise provided in the  
218 resolution authorizing the issuance of the bonds or in the trust indenture, such additional  
219 bonds shall be deemed to be of the same issue and shall be entitled to payment from the  
220 same fund, without preference or priority, as the bonds first issued for the same purpose.  
221 If the proceeds of the bonds of any issue shall exceed the amount required for the purpose  
222 for which such bonds are issued, the surplus shall be paid into the fund provided in Code  
223 Section 20-2-567 for the payment of principal and interest, if any, of such bonds."

224 **SECTION 8.**

225 Said chapter is further amended by revising Code Section 20-2-564, relating to bonds not  
226 state debt, uses of appropriations and other funds for leases from authority, collection or  
227 rentals, and assignment of rentals, as follows:

228 "20-2-564.

229 (a) Revenue bonds issued under this part shall not be deemed to constitute a debt of the  
230 state or a pledge of the faith and credit of the state, but such bonds shall be payable solely  
231 from the fund provided for in Code Section ~~20-2-577~~ 20-2-567. The issuance of such  
232 revenue bonds shall not directly, indirectly, or contingently obligate the state to levy or to  
233 pledge any form of taxation whatever therefor or to make any appropriation for their  
234 payment. All such bonds shall contain recitals on their face covering substantially the  
235 foregoing provisions of this Code section; provided, however, that such funds as may be  
236 received from state appropriations or from any other source are declared to be available and  
237 may be used on behalf of the county boards of education, city boards of education, or  
238 governing bodies of independent districts or systems for the performance of any lease

contract entered into by such boards or governing bodies, unless the use of such funds shall be otherwise stipulated by law.

(b) In the event any county board of education, city board of education, or governing body of an independent school district or system shall enter into a lease contract or an agreement of sale with the authority as provided in this part, then any sums accruing to and for the benefit of such ~~political subdivision~~ school district or system by virtue of any ~~amounts appropriated and allocated for that purpose pursuant to Code Section 20-2-250 shall, by the State Board of Education, be paid all or~~ state appropriation to which such school district or system may be entitled shall be withheld from such school district or system and the State Board of Education shall, on behalf of such school district or system, apply so much thereof as is necessary directly to the authority until such time as the obligation ~~in respect to such lease or lease contract~~ of the lease contract or agreement of sale shall have been paid in full; it being intended that such sums, if any, as may be appropriated by the legislature and ~~accrue and be allocated by the state board for the benefit of any particular political subdivision for 'capital outlay' as provided by Code Section 20-2-250 to which a school district or system may be entitled~~ shall be subject to be first applied on behalf of such school district or system to the extent necessary to the faithful performance of any lease contract or agreement of sale of that particular ~~subdivision~~ school district or system with the authority.

(c) In the event any such sums so appropriated by the legislature to the state board ~~to be used in accordance with Code Section 20-2-250 and allocated by the state board~~ to and for the benefit of each ~~political subdivision~~ county, city, or independent school district or system which has entered into a lease contract or an agreement of sale with the authority are not sufficient to discharge the lease or installment purchase obligations and undertakings therein agreed to be performed and should the ~~political subdivision~~ school district or system fail to pay any sum necessary to make up the difference between the amount to be paid under the lease contract or agreement of sale and that actually paid by the state board on behalf of the school district or system directly to the authority as provided in subsection (b) of this Code section, then it shall be the duty of the authority to notify immediately, in writing, the state board, the Department of Education, and the Office of Treasury and Fiscal Services; of the amount due said authority, and thereupon ~~the Office of Treasury and Fiscal Services~~, the state board, ~~and the department, and the Office of Treasury and Fiscal Services~~ are authorized and directed to withhold from any other funds appropriated, allotted, or due to be paid to such county, city, or independent school district or system an amount sufficient to pay the obligation due the authority by the defaulting county, city, or independent school district or system for ~~rental~~ the rental or purchase of buildings or facilities; and the state board, the department, and the Office of Treasury and



Fiscal Services are authorized and directed to pay such funds to the authority on behalf of the county, city, or independent school district or system to be applied in payment on such unpaid rentals or installment payments of purchase price, such payment being charged against the respective funds due such county, city, or independent school district or system.

(d) The rentals contracted to be paid by the state board or other contracting or leasing department, agency, or institution of the state to the authority under leases or contracts entered upon pursuant to this part shall constitute obligations of the state for the payment of which the good faith of the state is pledged. Such rentals shall be paid as provided in the lease contracts from funds appropriated for such purposes by the terms of the Constitution of Georgia. It shall be the duty of the state board or other contracting or leasing department, agency, or institution of the state to see to the punctual payment of all such rentals.

(e) In the event of any failure or refusal on the part of ~~lessees~~ any party punctually to perform any covenant or obligation contained in any ~~lease~~ contract entered upon pursuant to this part, the authority may enforce performance by any legal or equitable process against ~~the lessees~~ such party; and consent is given for the institution of any such action.

(f) The authority shall be permitted to assign any rental payment due it by ~~the lessees~~ a contracting party to a trustee or paying agent as may be required by the terms of any trust indenture entered into by the authority."

## SECTION 9.

Said chapter is further amended by revising Code Section 20-2-567, relating to sinking fund, as follows:

"20-2-567.

The revenues, rents, and earnings derived from any particular project or combined projects; ~~and~~ all sums allocated or paid by the State Board of Education or Department of Education to the authority for the benefit of and on behalf of any political subdivision county, city, or independent school district or system or its governing body for the performance of any lease contract or agreement of sale or any and all funds from any sources received by the various county boards of education, city boards of education, or governing bodies of independent school districts or systems that have entered into lease contracts or agreements of sale with the authority and paid to it in the performance of such contract or contracts; ~~or~~ any and all revenues, rents, and earnings received by the authority, regardless of whether or not such rents, earnings, and revenues were produced by a particular project for which bonds have been issued, unless otherwise pledged and allocated; and federal funds where applicable may be pledged and allocated by the authority to the payment of the principal and interest, if any, on revenue bonds of the authority as the resolution authorizing the issuance of the bonds or the trust instrument may provide. Such funds so pledged from

whatever source received, ~~which pledge~~ may include funds received from one or more or all sources; and shall be set aside at regular intervals as may be provided in the resolution or trust indenture, into a sinking fund, which shall be pledged by the authority to and charged with the payment of:

- (1) The interest, if any, upon such revenue bonds as such interest shall fall due;
- (2) The principal of the bonds as the same shall fall due;
- (3) The necessary charges of paying agents for paying principal and interest, if any; and
- (4) Any premium upon bonds retired by call or purchase as provided in Code Section 20-2-555.

The use and disposition of such sinking fund shall be subject to such covenants and regulations as may be provided in the resolution authorizing the issuance of the revenue bonds or in the trust indenture, but, except as may otherwise be provided in such resolution or trust indenture, such sinking fund shall be a fund for the benefit of all revenue bonds without distinction or priority of one over another. Subject to the provisions of the resolution authorizing the issuance of the bonds or in the trust indenture, surplus moneys in the sinking fund may be applied to the purchase or redemption of bonds; and any such bonds so purchased or redeemed shall immediately be canceled and shall not again be issued."

#### SECTION 10.

Said chapter is further amended by revising Code Section 20-2-568, relating to remedies of bondholders, receivers, or indenture trustees, as follows:

"20-2-568.

Any holder of revenue bonds or interest coupons issued under this part, any receiver for such holders, or indenture trustee, if any, except to the extent the rights given in this part may be restricted by resolution passed before the issuance of the bonds or by the trust indenture, may either at law or in equity, by action, mandamus, or other proceedings, protect and enforce any and all rights under the laws of this state or granted under this part or under such resolution or trust indenture and may enforce and compel performance of all duties required by this part or by resolution or trust indenture to be performed by the authority or any officer thereof, including the fixing, charging, and collecting of revenues, rents, and other charges for the use of the project or projects, and, in the event of default of the authority upon the principal and interest obligations of any revenue bond issue, shall be subrogated to each and every right, specifically including the contract rights of collecting rental or installment payments of purchase price, which the authority may possess against ~~the State Board of Education, its successors, or other~~ any contracting or ~~leasing department, agency, or institution of the state~~ county, city, or independent school

district or system or political subdivision. In the pursuit of his or its remedies as subrogee, such individual, receiver, or trustee may proceed either at law or in equity by action, mandamus, or other proceedings to collect any sums by such proceedings due and owing to the authority and pledged or partially pledged directly or indirectly to the benefit of the revenue bond issue of which such individual, receiver, or trustee is representative. No holder of any such bond or receiver or indenture trustee thereof shall have the right to compel any exercise of the taxing power of the state to pay any such bond or the interest thereon or to enforce the payment thereof against any property of the state; nor shall any such bond constitute a charge, lien, or encumbrance, legal or equitable, upon the property of the state; ~~provided, however, that any provision of this part or any other Act to the contrary notwithstanding, any such bondholder or receiver or indenture trustee shall have the right by appropriate legal or equitable proceedings, including, without being limited to, mandamus, to enforce compliance by the appropriate public officials with Article VII, Section IV, Paragraph III of the Constitution of Georgia; and permission is given for the institution of any such proceedings to compel the payment of lease obligations."~~

#### SECTION 11.

Said chapter is further amended by revising Code Section 20-2-569, relating to refunding bonds, as follows:

"20-2-569.

The authority is authorized to provide by resolution for the issue of revenue refunding bonds of the authority for the purpose of refunding any revenue bonds issued under this part and then outstanding, together with accrued interest thereon, if any, and the premium, if any. The issuance of such revenue refunding bonds, the maturities and all other details thereof, the rights of the holders thereof, and the duties of the authority in respect to such bonds shall be governed by Code Sections 20-2-550 through 20-2-568 insofar as they may be applicable."

#### SECTION 12.

Said chapter is further amended by revising Code Section 20-2-570, relating to bonds legal investments and depositing bonds, as follows:

"20-2-570.

The bonds authorized in this part are made securities in which all public officers and bodies of this state and all municipalities and all ~~municipal~~ political subdivisions; all insurance companies and associations and other persons carrying on an insurance business; all banks, bankers, trust companies, savings banks, and savings associations, including savings and loan associations, building and loan associations, investment companies, and other persons

carrying on a banking business; all administrators, guardians, executors, trustees, and other fiduciaries; and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the state may properly and legally invest funds, including capital, in their control or belonging to them. The bonds are also made securities which may be deposited with and shall be received by all public officers and bodies of this state and all municipalities and ~~municipal~~ political subdivisions for any purpose for which the deposit of the bonds or other obligations of this state is authorized."

### SECTION 13.

Said chapter is further amended by revising Code Section 20-2-571, relating to tax exemption of authority's property, activities, charges, and bonds, as follows:

"20-2-571.

The creation of the authority and the carrying out of its corporate purpose shall be a public purpose and in all respects for the benefit of the people of this state. The authority will be performing an essential governmental function in the exercise of the power conferred upon it by this part; and this state covenants with the holders of the bonds that the authority shall be required to pay no taxes or assessments upon any of the property acquired or leased by it or under its jurisdiction, control, possession, or supervision or upon its activities in the operation or maintenance of the buildings erected or acquired by it or any fees, revenues, rentals, or other charges for the use of such buildings or other income received by the authority and that the bonds of the authority and the income therefrom shall at all times be exempt from taxation within ~~the~~ this state."

### SECTION 14.

Said chapter is further amended by revising Code Section 20-2-572, relating to procedure for validating bonds, as follows:

"20-2-572.

Bonds of the authority shall be confirmed and validated in accordance with the procedure of Article 3 of Chapter 82 of Title 36. The petition for validation shall make the authority party defendant and shall also make party defendant to such action ~~the State Board of Education and~~ any political subdivision or county, city, or independent school district or system which has contracted with the authority for the purchase or use of any building, structure, or facility for which bonds have been issued and sought to be validated; and such parties shall be required to show cause, if any, why the contract or contracts and the terms and conditions thereof should not be inquired into by the court, the validity of the terms thereof determined, the matters and conditions imposed on the ~~state board~~ contracting parties to be performed, and all such undertakings adjudicated as security for the payment

of any such bonds of the authority. In the event no appeal is taken or if taken and the judgment is affirmed by the proper appellate court of this state, the judgment of the superior court so confirming and validating the issuance of the bonds shall be forever conclusive upon the validity of the bonds against the authority issuing them and against all parties to such proceedings."

#### SECTION 15.

Said chapter is further amended by revising Code Section 20-2-577, relating to fixing rentals and charges for use of projects, as follows:

"20-2-577.

The authority is authorized to fix rentals, installment payments of purchase price, and other charges which the various county boards of education, city boards of education, or governing bodies of independent districts or systems shall pay to the authority for the use or purchase of each project or part thereof or combination of projects, to charge and collect them, and to lease or sell and make contracts with the various ~~counties~~ county, city, or independent school districts or systems ~~with respect to~~ for the use or purchase by any ~~institution or unit under its control~~ county, city, or independent school districts or systems of any project or part thereof. Such rentals, installment payments of purchase price, and other charges shall be so fixed and adjusted in respect relation to their total amount from the project or projects for which a single issue of revenue bonds is issued so as to provide a fund sufficient with other revenues of such project or projects, if any, to pay:

(1) The cost of maintaining, repairing, and operating the project or projects, including reserves for extraordinary repairs and insurance and other reserves required by the resolution or trust indentures, unless such ~~cost~~ reserves shall be otherwise provided for, ~~which cost~~ shall be deemed to include the expenses incurred by the authority on account of the project or projects for water, light, sewer, and other services furnished by other facilities at such institution; and

(2) The principal of the revenue bonds and the interest thereon, if any, as they shall become due."

#### SECTION 16.

This Act shall become effective on July 1, 2010.

#### SECTION 17.

All laws and parts of laws in conflict with this Act are repealed.